

2009 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB75)

Received: **06/09/2009**

Received By: **rchampag**

Wanted: **Today**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Zimmerman**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Zimmerman -

Topic:

ETF Study of Protective Annuities

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/2	rchampag 06/12/2009	csicilia 06/12/2009	phenry 06/12/2009	_____	sbasford 06/12/2009		

FE Sent For:

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Requester's email: Art.Zimmerman@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

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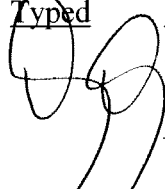
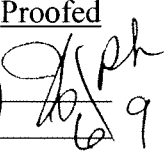
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FE Sent For:

<END>

Champagne, Rick

From: Zimmerman, Art
Sent: Tuesday, June 09, 2009 11:31 AM
To: Champagne, Rick
Subject: RE: Amendment request

Let's do it thru ETF. OK?

Art

From: Champagne, Rick
Sent: Tuesday, June 09, 2009 10:22 AM
To: Zimmerman, Art
Subject: RE: Amendment request

It can be done for ETF is they want ETF to do the study. We would need a one-time GPR appropriation. If they want JSCRS to do it, yes we would increase Leg. Council appropriation and have a nonstat directing JSCRS to do they study.

From: Zimmerman, Art
Sent: Tuesday, June 09, 2009 10:19 AM
To: Champagne, Rick
Subject: Amendment request

Rick,

See the attached. Wouldn't this be \$5,000 for the Legislative Council appropriation, not ETF?

Art

<< File: Amendment Pasch ETF Study.doc >>

Assembly Democrats

2009-11 Budget Amendment Request

Date: June 8, 2009

Legislator: Rep. Sandy Pasch

Staff Contact: Fred Ludwig

Statement of Motion Intent:

Request \$5,000 actuary study from the Dept of Employee Trust Funds to determine the impact on the retirement benefit formula for all those in protective service if it were changed in state statute 40.23 (2m)(b) from 65 percent to 70 percent, a level enjoyed by all other government employees except for firefighters who receive 85 percent. The legislature must authorize this study and it must be paid for with GPR dollars. Pension funds and/or private dollars are prohibited from being used to authorize this ETF study. This actuarial study is only to determine what the impact would be to change the formula for protective service workers and does not recommend any specific formula changes at this time.

Agency: Employee Trust Funds.

Summary:

The Dept of Employee Trust Funds needs to be statutorily directed to conduct this small actuary study to determine exactly how many protective participants with social security are likely to be affected by a formula benefit maximum in state statute 40.23 and any proposed changes. An up to-date actuarial valuation is needed to determine actual fiscal impact for some point in the future discussion. ETF's latest analysis of those in protective service shows an average retirement age of 59.7 years. Assuming that age, there would be 859 actives and 45 inactive potentially exceeding the 70% cap. Many of these could actually be money purchase annuities which would eliminate the effect of the cap.

If different assumptions are used, such as retirement at age 65, which is normal retirement age, the numbers get much larger. But ETF needs to conduct an official actuary study to determine this. The study would answer the following question:

How many protective participants with social security are likely to be affected by the formula benefit maximum in State Statute 40.23?

The following assumptions would be used to calculate the protective occupation population as of 12/31/2007 and projected their formula benefit using

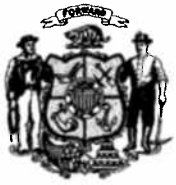
- Active participants under age 54 will earn 1 year of service each year until age 54;

-Active participants over age 54 will not earn any further service; and

-Inactive participants will not earn any further service.

Fiscal Impact: \$5,000

Funding Source *(if applicable)*: GPR



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBb0836/1

RAC:.....

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ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2009 ASSEMBLY BILL 75

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 221, line 4: after that line insert:

3
4 (bd) Pension study GPR A 5,000

5 **2.** Page 362, line 23: after that line insert:

6 "SECTION ~~593d~~. 20.515 (1) (bd) of the statutes is created to read:

7 20.515 (1) (bd) *Pension study*. The amounts in the schedule to conduct the
8 study under 2009 Wisconsin Act [this act], section 9115 (2).

9 SECTION ~~593h~~. 20.515 (1) (bd) of the statutes, as created by this act, is
10 repealed."

3. Page 1801, line 9: after that line insert:

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“(2) PENSION STUDY. The department of employee trust funds shall study the impact of increasing the initial amount of the normal form annuity under section 40.23 (2m) (b) of the statutes from 65 percent to 70 percent of the participant’s final average earnings for participants whose formula rate is determined under section 40.23 (2m) (e) 3. of the statutes.”.

4. Page 1863, line 23: after that line insert:

“(3) PENSION STUDY. The repeal of section 20.515 (1) (bd) of the statutes takes effect on July 1, 2010.”.

(END)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBb0836/1 2

RAC:cjs:rs

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ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2009 ASSEMBLY BILL 75

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 221, line 4: after that line insert:

3 “(bd) Pension study GPR A 5,000 -0-.”.

4 **2.** Page 362, line 23: after that line insert:

5 “**SECTION 592t.** 20.515 (1) (bd) of the statutes is created to read:

6 20.515 (1) (bd) *Pension study*. The amounts in the schedule to conduct the
7 study under 2009 Wisconsin Act (this act), section 9115 (2q).

8 **SECTION 592u.** 20.515 (1) (bd) of the statutes, as created by 2009 Wisconsin Act
9 (this act), is repealed.”.

10 **3.** Page 1801, line 9: after that line insert:

11 “(2q) PENSION STUDY. The department of employee trust funds shall study the
12 impact of increasing the initial amount of the normal form annuity under section

1 40.23 (2m) (b) of the statutes from 65 percent to 70 percent of the participant's final
2 average earnings for participants whose formula rate is determined under section
3 40.23 (2m) (e) 3. of the statutes."

4 **4.** Page ~~1869~~¹⁸⁸⁷, line ~~23~~²⁴: after that line insert:

5 "(3q) PENSION STUDY. The repeal of section 20.515 (1) (bd) of the statutes takes
6 effect on July 1, 2010."

7 (END)

1h



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBb0836/2
RAC:cjs:ph

LFB:.....Zimmerman - ETF Study of Protective Annuities

**FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2009 ASSEMBLY BILL 75**

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4. Page 1887, line 24: after that line insert:

“(1h) PENSION STUDY. The repeal of section 20.515 (1) (bd) of the statutes takes effect on July 1, 2010.”.

(END)